

**Written Testimony of
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**Before the
California Performance Review Commission**

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Dear Commissioners, my name is David Guy. I am the Executive Director of the Northern California Water Association (NCWA). NCWA supports the Governor's Executive Order to establish the California Performance Review (CPR) and generally supports the CPR's recommendations regarding water in California.

NCWA is a geographically diverse organization, extending from California's Coast Range to the Sierra Nevada foothills, and nearly 180 miles from Redding to Sacramento. Our members rely on the waters of the Sacramento, Feather, Yuba and American Rivers, smaller tributaries and groundwater to irrigate nearly 850,000 acres that produce every type of food and fiber grown in the region. Many of our members also provide water supplies to state and federal wildlife refuges and much of this land serves as important seasonal wetlands for migrating waterfowl, shorebirds and other wildlife.

Thank you for the opportunity to present our perspective today on the California Performance Review (CPR) and its report "A Government for the People for a Change." The NCWA Board of Directors, made up of water leaders and other elected officials throughout Northern California, have been briefed by the CPR and laud the Governor's initiative for the CPR. We appreciate that the CPR is a bold initiative that will require an equally bold vision to implement. We urge the administration to take whatever steps are necessary to implement this vision.

The temptation in reviewing this type of a report is to become very protective of particular programs, agencies or personnel, and in doing so, to lose sight of the vision contained in the Governor's Executive Order. Rather than fall into this trap, we want to recognize the historic nature of this once in a lifetime initiative and seek to offer solutions that will lead to "practical changes to government agencies, programs, and operations to reduce total costs of governmental operations, increase productivity, improve services and make government more responsive and accountable to the public."

The discussion and recommendations for water are spread throughout the 2500 page report. For today, we believe it is most useful to present our testimony within the six broad functions that are critical for California to meet its water supply, water quality, public safety and environmental objectives. These include: 1) statewide water planning, 2) the most effective way to organize state government with respect to water, 3) restructuring the State Water Project (SWP), 4) local assistance programs, 5) the CALFED Bay-Delta program and 6) flood protection. In each of these broad areas, the report makes both general and specific recommendations that we discuss below.

Statewide Water Planning

The report poignantly states that "California needs strong policy leadership to resolve conflicting policies among state agencies and boards, water agencies, environmental interests and other public and private entities." Most importantly, the report clearly articulates the need to "ensure that the various water demands in California—both now and in twenty years—are met" and the

need for “clear direction on the respective roles for the state and local interests in meeting our water supply and water quality needs.” (INF 09, p. 747.) This is particularly important for statewide water planning, where we support the following recommendations:

1. The Governor should work with the Legislature to update the California Water Plan concept. The Legislature should consider legislation in FY 2004-2005 to update the concept of the Plan.
2. The Governor's Office of Planning and Research, and the Department of Water Resources, or successor entities, should integrate the California Water Plan into a state general plan process.
3. The Governor should work with the Legislature to promote regional water planning.
4. The Governor should reinstitute the Water Policy Council. (INF 09, p. 747; emphasis added.)

Agency Framework

The report proposes a significant restructuring of state government with respect to water. As a result, water-related functions will be located in the Infrastructure Department, the Natural Resources Department, the Environmental Protection Department, and the Public Safety and Homeland Security Department. At first, this appears as if this is a bureaucratic approach to water. Upon closer scrutiny, we believe the recommendations in the report are sound and will lead to streamlined operations, save taxpayer dollars and improve the delivery of services. Most importantly, form will follow function. The state can best accomplish these objectives by focusing its new Departments and Divisions on their respective roles and expertise involving water, whether it is environmental protection, infrastructure development, or public safety. We also believe that a Governor appointed Director or chief officer can best accomplish these objectives and eliminate the need for the numerous Boards and Commissions. (See Form Follows Function (FFF), p. 121.)

More specifically, we support the recommendations to:

1. Create an Infrastructure Department with a Water Division to oversee all facets of the state's infrastructure, including the infrastructure necessary to use water more efficiently, to improve water supplies for all purposes and to improve water quality. We particularly support the CPR goals to improve productivity by making fundamental changes in infrastructure planning, operations and delivery, including reorganizing the state's infrastructure departments under a comprehensive infrastructure agency to streamline the state's infrastructure operations. (FFF p. 47; Ch. 4, p. 689.)
2. Separate and streamline the water rights and water quality functions in the regulatory process. The report proposes one way to do this by having a new “Board of Water Rights” in the Natural Resources Department replace the SWRCB water rights functions in the Water Code (FFF p. 58.) and the new Division of Water Quality in the Department of Environmental Protection replace the SWRCB functions in all other areas, including promulgating water quality regulations, implementing water monitoring programs, issuing water discharge permits and enforcing water quality regulations (FFF p. 44). Like many of the recommendations, there are

numerous ways to accomplish the important separation of water rights and water quality, although it is critical that the water rights and water quality entities be distinct and autonomous.

3. Create the Public Safety and Homeland Security Department, which will be discussed below under flood protection. (PS 01, p. 1181.)

Local Assistance

For many years, the local assistance provided by DWR and the SWRCB have been the most effective state tool to implement water supply, water quality and ecosystem improvements as part of regional and local programs. With this said, further streamlining and coordination of local assistance in each new Department would be very valuable. We do not believe, contrary to the report at INF 28, p. 881, that grant functions can or should be centralized in one Department. Instead, we believe that each Department should focus their local assistance programs, including grants, in a central place that can call on the respective expertise within the Department to carry out its particular mission with respect to water.

State Water Project (SWP)

For many years there have been conflicts within state government, largely because the Department of Water Resources (DWR) has many important statewide responsibilities and yet the State Water Project (SWP), a major water user in California, is also housed within DWR. Depending on the perspective, many believe that DWR is beholden to the SWP, whereas others receiving water from the SWP believe they pay for many DWR functions that benefit broader statewide interests. These conflicts have had water rights implications, financial implications and have hampered DWR and its ability to carry out its various missions. Regardless of the perspective, creating a specific and independent SWP makes sense and should be undertaken immediately. We therefore support the various CPR recommendations, which, if implemented, will help avoid these conflicts.

1. The Governor should issue an Executive Order establishing the State Water Project (SWP) as a separate authority within the Resources Agency, or its successor (Department of Natural Resources), to better focus the administration of this critical water infrastructure.
2. The Resources Agency, or its successor, should work with the appropriate state entities to establish civil service classifications and salary levels to recruit and retain individuals with the special skills necessary to purchase, trade and sell power to be able to efficiently schedule water and power deliveries.
3. The Resources Agency, or its successor, should direct SWP to contract with the Joint Powers Authority formed by the State Water Contractors in cases where it is the best alternative to provide specialized services and skills for SWP.
4. The Resources Agency, or its successor, should direct SWP to continue turning over limited portions of the aqueduct system to the State Water Contractors to operate and maintain if it is in the best interests of the public and the environment. (INF 07, p. 731.)

CALFED

The CALFED program at different times has provided California with a broad vision for water and at other times its worst bureaucratic nightmare. We support the recommendations for CALFED described below, but hope the Governor and the administration will soon offer a more specific vision for CALFED and describe its role in the future.

1. An independent financial audit of the entire program should be conducted by a private auditor under contract with the California Bay-Delta Authority. Based on audit results, quantifiable performance measures should be developed and implemented for contract management, oversight and reporting.
2. The Governor should direct the adaptive management-or technical performance-analysis be conducted under the direction of the CALFED Independent Science Board.
3. The California Bay-Delta Authority (CBDA) should have approval authority for all strategic plans, quantifiable performance measures, prioritized implementation actions and budgets.
4. A long-term financing plan should be completed by December 2005 by leadership of the CBDA. (INF 08, p. 742.)

Flood Protection

Public safety must be California's first priority. We therefore support a new Department of Public Safety and Homeland Security that will coordinate public safety, including flood protection functions currently in DWR's Division of Flood Management and Division of Safety of Dams. More specifically, we support the following recommendations.

1. The Governor should direct the Department of Water Resources, or its successor, to develop a new strategy and financing mechanism to manage the state's responsibility for flood control infrastructure, and to carry out the recommendations of the Floodplain Management Task Force.
2. The Department of Water Resources, or its successor, should continue to enhance programs and incentives to reduce the amount of building in designated floodways and flood plains and to educate the local communities about the hazards of ignoring flood potential.
3. The Secretary of Resources, or his or her successor, should reaffirm, through funding and regulatory decisions, state policy that flood plains are appropriate for greenbelts, parks, open space and fish and wildlife habitat.
4. The California Bay-Delta Authority should specify that priority will be given to projects that incorporate multi-purposes, including set-back levees or levee rehabilitation for flood protection in conjunction with habitat restoration, as soon as practicable.
5. The Department of Water Resources, or its successor, should expand the availability of other web-based, flood risk mapping and display tools to public and local decision-makers. State matching funds should be provided where there are federal funds available. There are funds available from the Federal Emergency Management Agency for flood plain mapping under the five-year National Map Modernization Program. (INF 29, p. 889.)

In conclusion, thank you for the opportunity to testify today on this once in a lifetime process. We look forward to further discussion on the CPR and providing more specific input as the details for implementation are discussed. If you have any questions or would like to discuss this further, please call me at 916.442.8333.